



COUNCIL AGENDA: 06-29-04
ITEM:

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Ralph G. Tonseth
Katy Allen

**SUBJECT: THIRD AMENDMENT OF
MASTER SERVICES
AGREEMENT WITH THE
SOURCE GROUP, INC.**

DATE: 06-16-04

Approved

Date

COUNCIL DISTRICT: Citywide

RECOMMENDATION

Approval of a Third Amendment to the Agreement with The Source Group, Inc. for environmental and engineering consultant services at the Norman Y. Mineta San José International Airport, increasing the maximum amount of the Agreement by \$500,000, from \$279,000 to \$779,000, and extending the term of the Agreement from June 30, 2004 to June 30, 2005.

BACKGROUND

The Environmental Programs Division of the Norman Y. Mineta San José International Airport continues to provide a variety of engineering and environmental services to the Master Plan Team as well as toward Airport environmental compliance. These services require specialized personnel and services that are focused upon protecting the interests of the Airport and minimizing its financial exposure. These services cannot be performed by current Division staffing or other City Departments because Master Plan projects and recent changes in environmental laws are both complex and time sensitive.

The Source Group (TSG) was originally awarded a Master Services Agreement (MSA) in 2002 for \$99,000 that was later amended to \$279,000 to cover expanded Master Plan requirements for 2003-2004. The Source Group was initially awarded the Master Service Agreement after three firms underwent a pre-qualification process according to City practices in response to an Airport prepared Request for Qualification (RFQ) solicitation. Task Orders are issued to TSG for each required service and to date, TSG has performed well on each of these task orders and in a cost-effective and timely manner. Additional services have been identified for 2004-2005, and the second amendment to the Agreement expires on June 30, 2004.

ANALYSIS

Several new Task Orders need to be issued. Specifically, approximately 150 abandoned drums containing waste soil and groundwater have been left on City property from previous Airport projects. These drums need to be properly disposed of or recycled. In addition approximately 30,000 cubic yards of soil from the Runway 30L extension project have been temporarily stored on other City property, and a plan will need to be prepared on how to properly manage and recycle or dispose of this soil. A feasibility study to determine cost-effective and timely approaches to clean up the contamination at the existing Chevron/City jet fuel farm will need to be completed in time frames consistent with the development of the new Centralized Terminal. Moreover, recent revisions to the United States Environmental Protection Agency (USEPA) regulations will require the Airport to prepare a Spill Prevention Control and Countermeasure (SPCC) Plan by August 2004 for all fuel stored in Airport (non-tenant) storage tanks. Additional but currently unidentified services to the Master Plan are also anticipated for 2004-2005. After a review of the complexity and time sensitivity of these projects by staff, it was found that the City does not have the resources to complete these projects in-house at this time, and staff is therefore recommending this additional funding and an extension to the term of this agreement.

The cost of these new task orders is estimated at \$500,000 (for a total not-to-exceed Master Service Agreement maximum cost of \$779,000), and an extension of the Agreement from June 30, 2004 to June 30, 2005 should provide sufficient budget and time to begin with the new task orders.

PUBLIC OUTREACH

Not applicable.

COORDINATION

Preparation of this memorandum and the Third Amendment has been coordinated with the City Manager's Budget Office and City Attorney.

COST IMPLICATIONS

1. AMOUNT OF RECOMMENDATION: \$500,000

2. AGREEMENT AMOUNT:

Original Agreement	\$ 99,000
First Amendment	180,000
Second Amendment	0
Third Amendment	<u>500,000</u>
TOTAL	\$779,000

3. SOURCE OF FUNDING: 523 – Airport Maintenance and Operations Fund
526 – Airport Revenue Bond Improvement Fund
527 – Airport Renewal and Replacement Fund
4. FISCAL IMPACT: This project is consistent with the Council-approved Budget Strategy Economic Recovery section in that it will spur construction spending in our local economy. The project has been reviewed and was determined that it will have no significant adverse impact on the General Fund operating budget.

BUDGET REFERENCE

Fund #	Appn #	Appn. Name	RC #	Total Appn	Amt. for Contract	Capital and Operating Budget Page	Last Budget Action (Date, Ord. No.)
527	4007	Advanced Planning	12722X	\$500,000	\$150,000	2004-2005 Proposed Capital Budget Page V-76	2004-2005 Rebudget/ Clean-up Memo #54
526	5426	Extend and Strengthen Runway 30L	118745	\$3,207,000	\$100,000	2004-2005 Proposed Capital Budget Page V-43	2004-2005 Rebudget/ Clean-up Memo #54
527	New	Fuel Farm Clean-up Study	TBD	\$200,000	\$200,000	2004-2005 Proposed Capital Budget Page V-52	NA
523	0802	Airport Non-Personnel/ Equipment	225120	\$34,111,851	\$20,000	2004-2005 Proposed Operating Budget Page X1-3	2004-2005 Rebudget/ Clean-up Memo #54
523	0802	Airport Non-Personnel/ Equipment	225120	\$35,926,753	\$30,000	2003-2004 Adopted Operating Budget Page 841	02/17/04- Ord. No. 27074
		Total		\$73,945,604	\$500,000		

CEQA

Resolution Nos. 67380 and 71451, PP# 04-06-188

RALPH G. TONSETH
Director of Aviation
Airport Department

RGT:TS

